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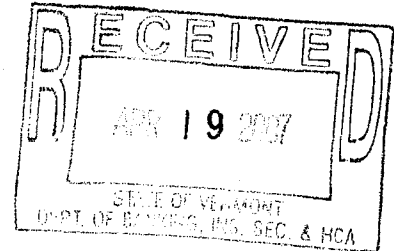
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April 18, 2007

Peter Young, Assistant General Counsel
Vermont Dept. of Banking, Insurance,
Securities and Health Care Administration
89 Main Street, Drawer 20
Montpelier, VT 05602-3101



Re: Appeal of CUNA Mutual Insurance Society, Docket No. 06-064-I

Dear Peter:

It appears that we have come to a resolution on all contested issues in the above captioned appeal. We appreciate the Department's hard work on resolving these issues in a way agreeable to CUNA Mutual Insurance Society (CUNA Mutual). In order to be sure that we have the same understanding for each contested issue, I've outlined below the issues that were raised by CUNA Mutual in the context of this appeal, recognizing that the correspondence between CUNA Mutual and the Department contains considerably more detail. If you agree with our assessment of the disposition of these issues, CUNA Mutual is willing to formally withdraw its appeal.

1. Record keeping.

CUNA Mutual has agreed to work with its policyholders (i.e., credit unions) to assure that records are maintained and available as contemplated by Regulation 99-1. CUNA Mutual will provide its policyholders with information on the rule's requirements, incorporate the responsibilities to meet those requirements into contracts with policyholders as well as provide appropriate training to policyholders within 90 days of the date of withdrawal of this appeal. In addition, CUNA Mutual will (periodically) evaluate policyholders to assure compliance with the rule's requirements as provided in the credit union/policyholder review practices CUNA Mutual has agreed to perform (see # 5 below).

2. Treatment of preexisting conditions in the context of open end credit plans.

CUNA Mutual has agreed to refile its certificates of insurance to provide for a single effective date of coverage for calculating the pre-existing condition exclusion period for open end credit plans. The Department has already approved the new rates associated with this increased risk to CUNA. As of February 1, 2007, CUNA implemented revisions to its claims practice consistent with this resolution.

3. Licensing of credit union personnel.

CUNA Mutual has agreed to train credit union personnel with respect to the requirements of Vermont law for exemption from licensing under the group enrollment process. Consistent with our discussions with the Department, CUNA Mutual will use administrative and marketing materials that are consistent with the exemption. With the expectation that the Department will adopt a regulation that provides for a limited credit insurance license, CUNA Mutual will make available to nonlicensed credit unions a Vermont licensed producer during regular business hours through a toll-free telephone number to address borrower questions and will compensate any unlicensed credit union for its expenses on a flat fee per certificate per month basis.

4. Forms issues.

CUNA Mutual has agreed to file revisions to its enrollment and certificate forms and provide detailed instructions to loan officers in the use of such forms within 90 days of the date of the forms are approved by the Department. In addition, CUNA Mutual has agreed to evaluate policyholder compliance with the instructions within 180 days from the distribution of the new forms or as addressed through credit union/policy holder review practices CUNA Mutual has agreed to perform (see # 5 below).

5. Credit union/policyholder review practices.

Although not identified as a contested issue for appeal purposes, CUNA Mutual has agreed to make substantial changes to its credit union/policy holder review practices including the completion of in person inspections of all Vermont policyholders (credit unions) within six months of the withdrawal of the appeal. To avoid duplication of expenses and disruption of credit union business operations, follow-up reviews of record keeping and forms usage will be integrated into these practices. CUNA Mutual agrees that such follow-up reviews are not intended to modify the record keeping training for policyholders as stated in Item 1 above or the loan officer instruction as stated in Item 4 above of this letter

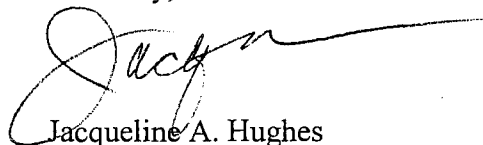
CUNA Mutual understands that the original order in this matter imposed monetary administrative penalties on the company of \$ 15,500. CUNA Mutual agrees to pay those administrative penalties within 21 days of the date of withdrawal of this appeal.

Peter Young
April 18, 2007
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If the summary above corresponds to your understanding of our agreed resolution of the issues raised in this appeal, please acknowledge by countersigning below. Your signature will also indicate that the Order of August 8, 2006 shall be interpreted consistent with this agreement so that upon performing the activities referenced above, CUNA Mutual will satisfy its obligations stated in the Order. Upon receipt of countersigned original, we will withdraw the appeal by filing a letter in the form attached here.

Please let us know immediately if there are any issues that would prevent the resolution described above.

Sincerely,

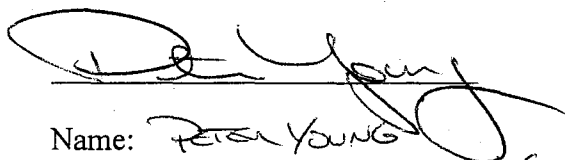


Jacqueline A. Hughes

Encl.

cc: Claude Kazanski, Esq.

So agreed:



Name: PETER YOUNG
Position: ASSISTANT GENERAL COUNSEL / ENFORCEMENT ATTORNEY
Date: April 26, 2007